



# Australian Bureau of Statistics

## 6348.0.55.001 - Labour Costs, Australia, 2002-03

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## Summary

### Main Features

#### SUMMARY OF FINDINGS

##### Overview

This publication contains statistics on the main costs incurred by employers as a consequence of employing labour in 2002-03. The statistics are based on the Major Labour Costs Survey (MLC) conducted in July 2003. The survey provides information on various components of labour costs, including: employee earnings; employer payments for superannuation; workers' compensation costs; payroll tax and fringe benefits tax.

More detailed data for 2002-03 and estimates for 1993-94 and 1996-97 based on the previous two MLC Surveys are presented in the Appendix.

##### Total costs

Total labour costs incurred by employers in Australia in 2002-03, as defined in the Major Labour Costs Survey, were \$354,150 million. Employee earnings accounted for 86.6% of total labour costs. Superannuation was the next largest component at 7.6%. Payroll tax and Workers' compensation costs were 2.9% and 2.2% respectively, while Fringe benefits tax was the smallest component at 0.8% of total labour costs.

Large businesses (those with 100 or more employees) accounted for 57.0% of the total labour cost, while medium businesses (20 to 99 employees) accounted for 17.9% and small businesses (less than 20 employees) accounted for 24.4%.

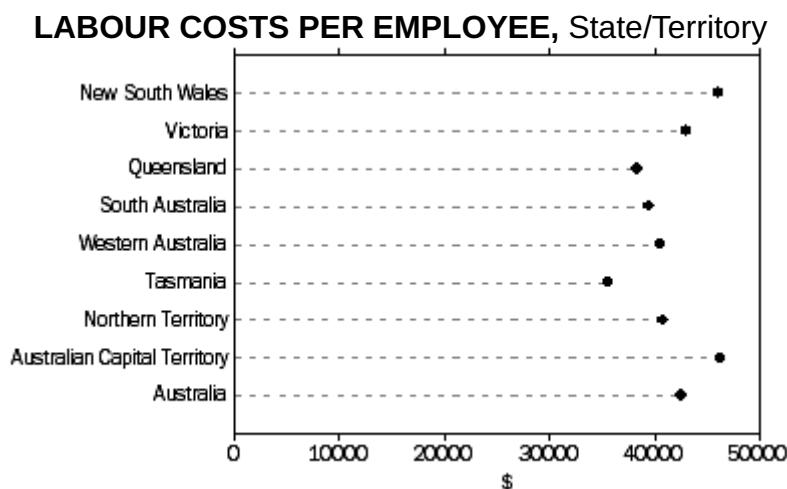
Total labour costs for private sector employers were \$270,330 million, representing 76.3% of the labour costs of all employers. Total labour costs for the public sector, which includes public trading and financial enterprises as well as commonwealth, state and local government departments and authorities, were \$83,821 million (23.7% of the total).

##### Costs per employee

Total labour cost per employee in 2002-03 was \$42,578. The private sector had lower total labour costs per employee (\$40,117) than the public sector (\$52,960). This difference is primarily a result of higher earnings and superannuation costs per employee in the public

sector, and in particular in the Commonwealth public sector.

The Australian Capital Territory and New South Wales had the highest costs per employee (\$46,276 and \$46,078 respectively) while Tasmania had the lowest (\$35,611). Across industries, labour costs per employee was highest in Mining (\$96,399), and lowest in Accommodation, cafes and restaurants (\$23,934) and Retail trade (\$25,061).



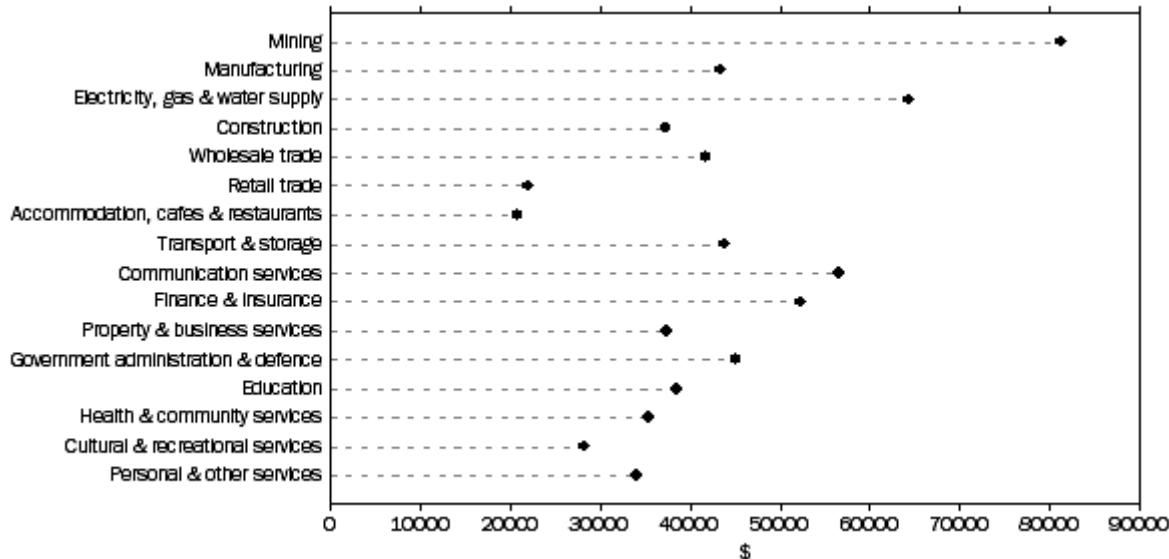
## Earnings

Earnings, which includes gross wages and salary, the ungrossed value of fringe benefits, and severance, termination and redundancy payments, is by far the most significant component of labour costs. In 2002-03, earnings accounted for 86.6% of total labour costs with a value of \$306,609 million. Private sector earnings totalled \$233,956 million (76.3% of total earnings) and public sector earnings were \$72,653 million (23.7% of total earnings).

Earnings per employee were higher for the public sector (\$45,904) compared with the private sector (\$34,710). Earnings per employee was highest in the Australian Capital Territory (\$39,982) and New South Wales (\$39,647) and lowest in Tasmania (\$30,813).

Earnings per employee was highest in the Mining (\$81,335) and Electricity, gas and water supply (\$64,296) industries, and lowest in the Accommodation, cafes and restaurants (\$20,844) and Retail trade (\$21,958) industries.

**EARNINGS PER EMPLOYEE, Industry**



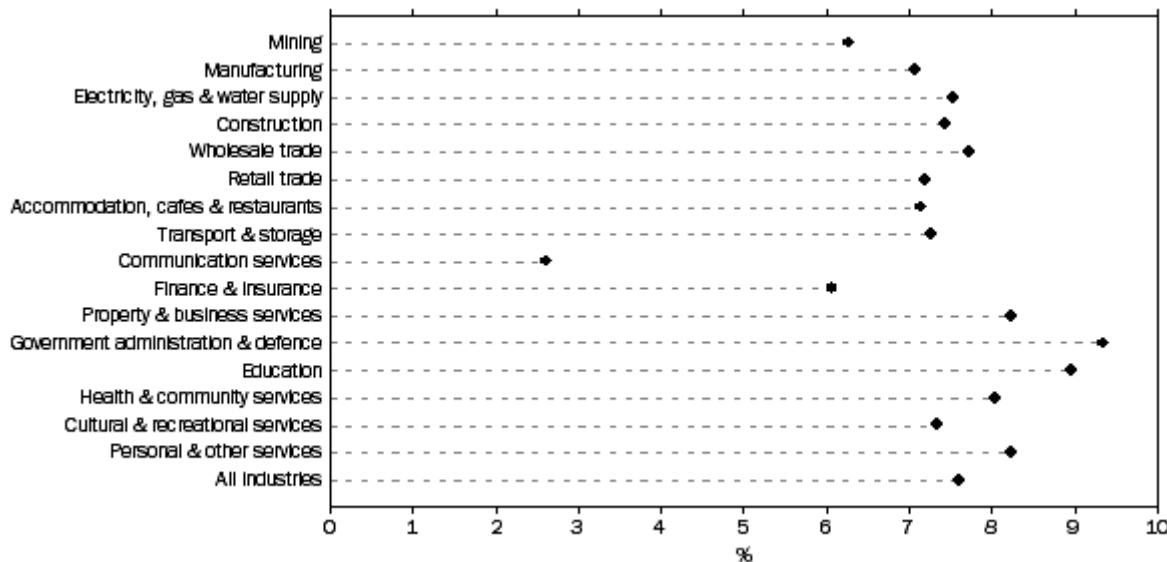
## Superannuation

In 2002-03, the value of employer superannuation contributions paid on behalf of employees in Australia was \$26,930.1 million, or 7.6% of total labour costs. The private sector accounted for \$20,086.4 million or 74.6% of employer contributions and the public sector, \$6,843.7 million (25.4%)

Superannuation cost per employee was \$3,240. Superannuation cost per employee was significantly higher in the public sector (\$4,325), than the private sector (\$2,983). The Australian Capital Territory had the highest superannuation cost per employee with \$4,426 while Tasmania had the lowest with \$2,766 per employee.

The Mining and Electricity, gas and water supply industries had the highest superannuation cost per employee at \$6,040 and \$5,669 respectively. Industries with the lowest superannuation cost per employee were Communication services, Accommodation, cafes and restaurants, and Retail trade (\$1,635, \$1,712 and \$1,801 respectively). It should be noted that during 2002-03 the superannuation costs of the Communication services industry was particularly affected by the use of surplus funds in some superannuation schemes to offset employer contributions (see paragraph 22 of Explanatory Notes).

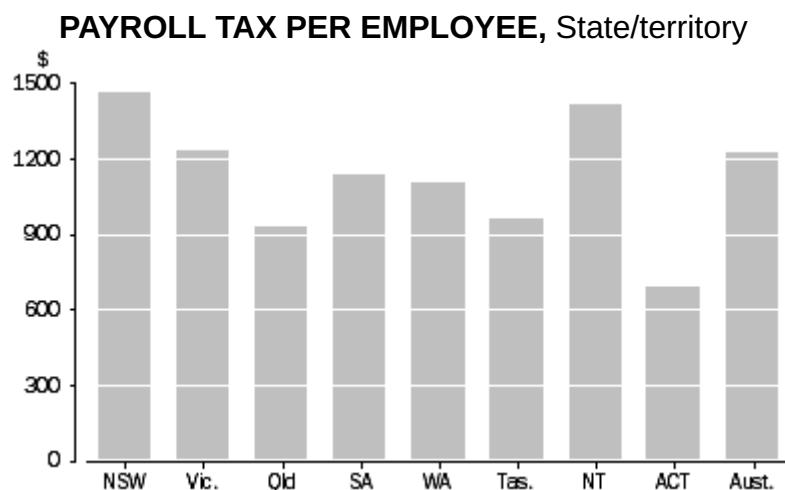
**SUPERANNUATION, Percentage of total labour costs**



## Payroll tax

Payroll tax paid by employers in 2003-03 totalled \$10,121 million, representing 2.9% of total labour costs. The payroll tax cost per employee was higher in the public sector (\$1,525) than in the private sector (\$1,149).

Payroll tax per employee was highest in New South Wales (\$1,467) and the Northern Territory (\$1,420), and lowest in the Australian Capital Territory (\$693). A high proportion of organisations in the Australian Capital Territory have payroll tax exemptions as they are engaged in general government activities.



As a proportion of total labour costs, payroll tax was highest in the Northern Territory (3.4%) and New South Wales (3.2%), and lowest in the Australian Capital Territory (1.5%).

Across industries, payroll tax as a proportion of total labour costs was highest in Electricity, gas and water supply (4.7%), followed by Communication services (4.6%), Mining (4.5%) and Finance and insurance (4.2%). The industry with the lowest proportion of payroll tax to total labour costs was Health and community services (0.6%). As a cost per employee, payroll tax was highest in Mining (\$4,297) and Electricity, gas and water supply (\$3,534),

and lowest in Health and community services (\$219).

For small businesses (less than 20 employees), payroll tax accounted for only 0.7% of total labour costs. For medium businesses (20 to 99 employees) and large businesses (100 employees or more), payroll tax accounted for 3.0% and 3.8% respectively.

## **Workers' compensation**

Total workers' compensation costs in 2002-03 were \$7,815 million, representing 2.2% of total labour costs. Workers' compensation cost per employee was slightly higher in the public sector (\$972) than the private sector (\$931). However, as a proportion of total labour costs, workers' compensation was higher in the private sector (2.3%) than the public sector (1.8%).

Workers' compensation as a cost per employee was highest in New South Wales (\$1,161) and lowest in Queensland (\$602). Workers' compensation costs as a proportion of total labour costs was highest in New South Wales and Tasmania (2.5% each) and lowest in Queensland (1.6%).

## **TABLES**

### **1. MAJOR LABOUR COSTS, State/territory**

|                                 | Other labour costs |                 |                 |                       |                     |                 | Total labour costs |
|---------------------------------|--------------------|-----------------|-----------------|-----------------------|---------------------|-----------------|--------------------|
|                                 | Earnings           | Superannuation  | Payroll tax     | Workers' compensation | Fringe benefits tax | Total           |                    |
| <b>TOTAL LABOUR COSTS (\$m)</b> |                    |                 |                 |                       |                     |                 |                    |
| New South Wales                 | 109,807.1          | 9,474.9         | 4,055.7         | 3,212.1               | 1,045.4             | 17,788.1        | 127,595.2          |
| Victoria                        | 80,349.5           | 7,090.5         | 2,658.1         | 2,102.3               | 753.2               | 12,604.2        | 92,953.6           |
| Queensland                      | 50,651.3           | 4,476.7         | 1,388.2         | 907.3                 | 314.2               | 7,086.3         | 57,737.6           |
| South Australia                 | 20,387.2           | 1,832.9         | 678.0           | 547.3                 | 150.9               | 3,209.1         | 23,596.4           |
| Western Australia               | 29,172.8           | 2,469.8         | 909.8           | 629.1                 | 308.4               | 4,317.1         | 33,490.0           |
| Tasmania                        | 5,805.9            | 520.4           | 181.9           | 169.8                 | 30.6                | 902.7           | 6,708.6            |
| Northern Territory              | 3,045.2            | 247.4           | 121.1           | 73.5                  | 28.5                | 470.5           | 3,515.7            |
| Australian Capital Territory    | 7,390.3            | 817.5           | 127.9           | 173.6                 | 43.9                | 1,162.9         | 8,553.2            |
| <b>Australia</b>                | <b>306,609.3</b>   | <b>26,930.1</b> | <b>10,120.7</b> | <b>7,814.9</b>        | <b>2,675.2</b>      | <b>47,540.9</b> | <b>354,150.3</b>   |
| <b>COSTS PER EMPLOYEE (\$)</b>  |                    |                 |                 |                       |                     |                 |                    |
| New South Wales                 | 39,647             | 3,425           | 1,467           | 1,161                 | 378                 | 6,431           | 46,078             |
| Victoria                        | 37,156             | 3,284           | 1,233           | 969                   | 350                 | 5,836           | 42,992             |
| Queensland                      | 33,621             | 2,975           | 931             | 602                   | 211                 | 4,718           | 38,339             |
| South Australia                 | 34,180             | 3,064           | 1,139           | 916                   | 253                 | 5,372           | 39,552             |
| Western Australia               | 35,343             | 2,994           | 1,106           | 760                   | 374                 | 5,234           | 40,577             |
| Tasmania                        | 30,813             | 2,766           | 968             | 902                   | 162                 | 4,798           | 35,611             |
| Northern Territory              | 35,364             | 2,870           | 1,420           | 845                   | 335                 | 5,470           | 40,834             |
| Australian Capital Territory    | 39,982             | 4,426           | 693             | 937                   | 238                 | 6,293           | 46,276             |
| <b>Australia</b>                | <b>36,855</b>      | <b>3,240</b>    | <b>1,221</b>    | <b>939</b>            | <b>323</b>          | <b>5,722</b>    | <b>42,578</b>      |

## 2. MAJOR LABOUR COSTS, Sector

| <b>Other labour costs</b>       |                  |                 |                 |                       |                     |                 |                    |
|---------------------------------|------------------|-----------------|-----------------|-----------------------|---------------------|-----------------|--------------------|
|                                 | Earnings         | Superannuation  | Payroll tax     | Workers' compensation | Fringe benefits tax | Total           | Total labour costs |
| <b>TOTAL LABOUR COSTS (\$m)</b> |                  |                 |                 |                       |                     |                 |                    |
| Private                         | 233,955.8        | 20,086.4        | 7,708.3         | 6,276.3               | 2,302.7             | 36,373.7        | 270,329.6          |
| Public                          |                  |                 |                 |                       |                     |                 |                    |
| Commonwealth                    | 13,450.3         | 1,163.3         | 294.4           | 176.4                 | 118.9               | 1,753.0         | 15,203.3           |
| State                           | 53,323.4         | 5,203.9         | 2,090.6         | 1,155.4               | 214.6               | 8,664.4         | 61,987.8           |
| Local                           | 5,879.8          | 476.6           | 27.5            | 206.8                 | 39.0                | 749.9           | 6,629.6            |
| Total                           | 72,653.5         | 6,843.7         | 2,412.4         | 1,538.6               | 372.5               | 11,167.2        | 83,820.7           |
| <b>All sectors</b>              | <b>306,609.3</b> | <b>26,930.1</b> | <b>10,120.7</b> | <b>7,814.9</b>        | <b>2,675.2</b>      | <b>47,540.9</b> | <b>354,150.3</b>   |
| <b>COSTS PER EMPLOYEE (\$)</b>  |                  |                 |                 |                       |                     |                 |                    |
| Private                         | 34,710           | 2,983           | 1,149           | 931                   | 343                 | 5,406           | 40,117             |
| Public                          |                  |                 |                 |                       |                     |                 |                    |
| Commonwealth                    | 53,888           | 4,660           | 1,180           | 707                   | 477                 | 7,023           | 60,911             |
| State                           | 45,609           | 4,452           | 1,788           | 988                   | 184                 | 7,411           | 53,021             |
| Local                           | 35,828           | 2,906           | 168             | 1,259                 | 237                 | 4,569           | 40,397             |
| Total                           | 45,904           | 4,325           | 1,525           | 972                   | 235                 | 7,056           | 52,960             |
| <b>All sectors</b>              | <b>36,855</b>    | <b>3,240</b>    | <b>1,221</b>    | <b>939</b>            | <b>323</b>          | <b>5,722</b>    | <b>42,578</b>      |

## 3. MAJOR LABOUR COSTS, Employer size

| <b>Other labour costs</b>       |                  |                 |                 |                       |                     |                 |                    |
|---------------------------------|------------------|-----------------|-----------------|-----------------------|---------------------|-----------------|--------------------|
|                                 | Earnings         | Superannuation  | Payroll tax     | Workers' compensation | Fringe benefits tax | Total           | Total labour costs |
| <b>TOTAL LABOUR COSTS (\$m)</b> |                  |                 |                 |                       |                     |                 |                    |
| 0-19 employees                  | 78,353.4         | 7,598.6         | 628.3           | 1,992.8               | 391.3               | 10,611.1        | 88,964.5           |
| 20-99 employees                 | 54,680.2         | 4,628.1         | 1,901.9         | 1,549.5               | 556.6               | 8,636.1         | 63,316.3           |
| 100 or more employees           | 173,575.7        | 14,703.4        | 7,590.5         | 4,272.5               | 1,727.3             | 28,293.7        | 201,869.5          |
| <b>Total</b>                    | <b>306,609.3</b> | <b>26,930.1</b> | <b>10,120.7</b> | <b>7,814.9</b>        | <b>2,675.2</b>      | <b>47,540.9</b> | <b>354,150.3</b>   |
| <b>COSTS PER EMPLOYEE (\$)</b>  |                  |                 |                 |                       |                     |                 |                    |
| 0-19 employees                  | 29,794           | 2,905           | 231             | 756                   | 149                 | 4,041           | 33,835             |
| 20-99 employees                 | 32,965           | 2,791           | 1,147           | 934                   | 336                 | 5,208           | 38,173             |
| 100 or more employees           | 42,914           | 3,636           | 1,877           | 1,056                 | 427                 | 6,996           | 49,910             |
| <b>Total</b>                    | <b>36,855</b>    | <b>3,240</b>    | <b>1,221</b>    | <b>939</b>            | <b>323</b>          | <b>5,722</b>    | <b>42,578</b>      |

## 4. MAJOR LABOUR COSTS, Industry

| <b>Other labour costs</b> |          |                |             |                       |                     |       |                    |
|---------------------------|----------|----------------|-------------|-----------------------|---------------------|-------|--------------------|
|                           | Earnings | Superannuation | Payroll tax | Workers' compensation | Fringe benefits tax | Total | Total labour costs |
| <b>TOTAL COSTS (\$m)</b>  |          |                |             |                       |                     |       |                    |
|                           |          |                |             |                       |                     |       |                    |

|                                       |                  |                 |                 |                |                |                 |                  |
|---------------------------------------|------------------|-----------------|-----------------|----------------|----------------|-----------------|------------------|
| Mining                                | 6,181.4          | 459.0           | 326.6           | 230.6          | 129.2          | 1,145.4         | 7,326.8          |
| Manufacturing                         | 44,201.0         | 3,679.4         | 2,007.2         | 1,679.3        | 532.3          | 7,898.1         | 52,099.2         |
| Electricity, gas and water supply     | 3,672.0          | 323.7           | 201.8           | 65.5           | 40.9           | 631.8           | 4,303.9          |
| Construction                          | 17,113.2         | 1,478.7         | 374.4           | 855.8          | 86.9           | 2,795.8         | 19,909.0         |
| Wholesale trade                       | 18,510.5         | 1,669.0         | 666.0           | 392.1          | 394.4          | 3,121.5         | 21,632.0         |
| Retail trade                          | 26,725.2         | 2,188.8         | 798.7           | 641.7          | 137.8          | 3,767.1         | 30,492.3         |
| Accommodation, cafes and restaurants  | 10,021.2         | 822.2           | 266.6           | 353.2          | 38.7           | 1,480.7         | 11,501.9         |
| Transport and storage                 | 13,787.0         | 1,174.5         | 611.6           | 513.9          | 87.3           | 2,387.3         | 16,174.2         |
| Communication services                | 6,702.6          | 193.9           | 337.8           | 103.0          | 82.6           | 717.2           | 7,419.8          |
| Finance and insurance                 | 19,177.3         | 1,326.7         | 922.2           | 136.6          | 340.0          | 2,725.6         | 21,902.8         |
| Property and business services        | 45,544.2         | 4,305.1         | 1,345.0         | 725.9          | 382.0          | 6,757.9         | 52,302.1         |
| Government administration and defence | 18,222.1         | 1,963.3         | 340.0           | 360.1          | 120.2          | 2,783.6         | 21,005.7         |
| Education                             | 27,235.0         | 2,841.5         | 1,132.6         | 415.2          | 101.7          | 4,491.0         | 31,726.0         |
| Health and community services         | 32,498.1         | 2,942.4         | 204.0           | 858.1          | 76.9           | 4,081.4         | 36,579.5         |
| Cultural and recreational services    | 6,214.1          | 521.4           | 217.1           | 110.5          | 54.0           | 903.0           | 7,117.1          |
| Personal and other services           | 10,804.4         | 1,040.6         | 369.2           | 373.3          | 70.4           | 1,853.6         | 12,658.0         |
| <b>All industries</b>                 | <b>306,609.3</b> | <b>26,930.1</b> | <b>10,120.7</b> | <b>7,814.9</b> | <b>2,675.2</b> | <b>47,540.9</b> | <b>354,150.3</b> |

#### COSTS PER EMPLOYEE (\$)

|                                       |               |              |              |            |            |              |               |
|---------------------------------------|---------------|--------------|--------------|------------|------------|--------------|---------------|
| Mining                                | 81,335        | 6,040        | 4,297        | 3,026      | 1,701      | 15,064       | 96,399        |
| Manufacturing                         | 43,510        | 3,624        | 1,985        | 1,652      | 526        | 7,787        | 51,297        |
| Electricity, gas and water supply     | 64,296        | 5,669        | 3,534        | 1,147      | 715        | 11,065       | 75,361        |
| Construction                          | 37,397        | 3,237        | 821          | 1,871      | *191       | 6,120        | 43,517        |
| Wholesale trade                       | 41,723        | 3,774        | 1,501        | 881        | 891        | 7,047        | 48,770        |
| Retail trade                          | 21,958        | 1,801        | 662          | 527        | 113        | 3,103        | 25,061        |
| Accommodation, cafes and restaurants  | 20,844        | 1,712        | 561          | 737        | 81         | 3,090        | 23,934        |
| Transport and storage                 | 43,871        | 3,740        | 1,951        | 1,631      | 278        | 7,600        | 51,471        |
| Communication services                | 56,611        | 1,635        | 2,854        | 869        | 698        | 6,057        | 62,667        |
| Finance and insurance                 | 52,395        | 3,626        | 2,521        | 373        | 930        | 7,451        | 59,846        |
| Property and business services        | 37,435        | 3,545        | 1,108        | 594        | 314        | 5,561        | 42,996        |
| Government administration and defence | 45,056        | 4,856        | 842          | 889        | 297        | 6,884        | 51,940        |
| Education                             | 38,598        | 4,028        | 1,605        | 589        | 144        | 6,365        | 44,963        |
| Health and community services         | 35,443        | 3,210        | 219          | 939        | 85         | 4,454        | 39,897        |
| Cultural and recreational services    | 28,404        | 2,384        | 994          | 505        | 247        | 4,131        | 32,535        |
| Personal and other services           | 34,154        | 3,295        | 1,173        | 1,182      | 224        | 5,873        | 40,027        |
| <b>All industries</b>                 | <b>36,855</b> | <b>3,240</b> | <b>1,221</b> | <b>939</b> | <b>323</b> | <b>5,722</b> | <b>42,578</b> |

\* estimate has a relative standard error of 25% to 50% and should be used with caution

## NOTES

## ABOUT THIS PUBLICATION

This publication contains estimates obtained from a sample of employers conducted by mail for the financial year 2002-03. The survey was designed to obtain information from employers on the major costs of employing labour.

## **NOTES ON ESTIMATES**

Care should be taken when comparing estimates of major labour costs contained in this publication with those from the most recent survey published in **Labour Costs, Australia 1996-97** (cat. no. 6348.0) as there are differences in methodology between the two surveys. See paragraph 30 in the Explanatory Notes for more details.

## **ABS DATA AVAILABLE ON REQUEST**

In addition to the information contained in this publication, a range of unpublished data is available on request. For more information refer to the Appendix.

## **SAMPLING ERROR**

For information on sampling error refer to the Technical Note.

## **INQUIRIES**

For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or Kerry Foley on Perth (08) 9360 5373.

# **About this Release**

## **ABOUT THIS RELEASE**

Contains estimates of labour costs for the private and public sectors including: employee earnings; employer-funded contributions to superannuation, workers' compensation, payroll tax and fringe benefits tax. Estimates are classified by State, industry, employer size and sector.

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# **Explanatory Notes**

## **Explanatory Notes**

## INTRODUCTION

**1** This publication presents estimates obtained from the Major Labour Costs Survey, which is a sample survey of employers conducted for the 2002-03 financial year. The survey was designed to obtain information from employers about the main labour costs incurred as a consequence of employing labour. Similar surveys were conducted annually in respect of the financial years 1985-86 to 1991-92, then in 1993-94 and 1996-97.

**2** The Major Labour Costs Survey collects data on the following labour cost components:

- employee earnings
- superannuation
- payroll tax
- workers' compensation
- fringe benefits tax.

**3** Costs are measured on a cash accounting basis, net of any reimbursements, subsidies or rebates.

**4** A number of other labour costs have not been covered by this survey. These include training; costs associated with employee welfare services; and recruitment. With the exception of training costs, these items are not considered to make a significant contribution to total labour costs.

**5** Training costs were collected in the ABS's Training Expenditure and Practices Survey, conducted for financial year 2001-02, and in the earlier Training Expenditure Survey conducted for September quarters of 1989, 1990, 1993 and 1996. Costs covered in these surveys are for structured training provided by employers. For information see **Employer Training Expenditure and Practices, Australia** (cat. no. 6362.0).

## CONCEPTS, SOURCES AND METHODS

**6** Descriptions of the underlying concepts of Australia's labour costs statistics, and the sources and methods used in compiling these estimates, are presented in **Labour Statistics: Concepts, Sources and Methods, 2001** (cat. no. 6102.0) which is also available on this web site (About Statistics - Concepts and Classifications).

## SCOPE AND COVERAGE

**7** The survey covered all employing organisations in Australia (public and private sectors) except:

- enterprises primarily engaged in Agriculture, forestry and fishing
- private households employing staff
- foreign embassies, consulates, etc.

**8** The employees of employers covered in the survey are in scope if they received pay for

any part of the year, except:

- members of the Australian permanent defence forces
- employees based outside Australia
- employees on workers' compensation who are not paid through the payroll.

## **SURVEY METHODOLOGY AND DESIGN**

**9** The sample for the 2002-03 Major Labour Costs Survey was selected from the ABS Business Register. A sample of approximately 7,500 employer units was selected to ensure adequate industry and state/territory representation. Of these, approximately 5,600 units were in the private sector and 1,900 units were in the public sector.

**10** The statistical unit for the survey comprises all the activities of an employer in a particular state or territory based on the Australian Business Number (ABN) unit or Type of Activity Unit (TAU) (see paragraphs 14-18). Each statistical unit is classified to an industry which reflects the predominant activity of the business. The statistical units were stratified by state and territory, industry, and employment size. For the public sector, level of government and general government/public enterprise status were also used as stratification variables. Within each stratum, statistical units were selected with equal probability.

## **INDUSTRY CLASSIFICATION**

**11** Each statistical unit selected in this survey is classified to an industry which reflects the primary activity of the organisation. The industry classification is the Australian and New Zealand Standard Industrial Classification (ANZSIC); for more details refer to **Australian and New Zealand Standard Industrial Classification, 1993** (cat. no. 1292.0).

## **STATISTICAL UNITS DEFINED ON THE ABS BUSINESS REGISTER**

**12** The ABS uses an economic statistics units model on the ABS Business Register to describe the characteristics of businesses (and other organisations, including government departments), and the structural relationships between related businesses. The units model is also used to break groups of related businesses into relatively homogeneous components that can provide data to the ABS.

**13** In mid 2002, to better use the information available as a result of The New Tax System, the ABS changed its economic statistics units model. The new units model allocates businesses to one of two sub-populations. The vast majority of businesses are in what is called the ATO Maintained Population, while the remaining businesses are in the ABS Maintained Population. Together, these two sub-populations make up the ABS Business Register population.

## **ATO MAINTAINED POPULATION**

**14** Most businesses and organisations in Australia need to obtain an Australian Business Number (ABN), and are then included on the ATO Australian Business Register. Most of these businesses have simple structures; therefore the unit registered for an ABN will satisfy ABS statistical requirements. For these businesses, the ABS has aligned its statistical units structure with the ABN unit. The businesses with simple structures constitute the ATO Maintained Population, and the ABN unit is used for these businesses as the statistical unit for all economic collections.

## ABS MAINTAINED POPULATION

**15** For the population of businesses where the ABN unit is not suitable for ABS statistical requirements, the ABS maintains its own units structure through direct contact with the business. These businesses constitute the ABS Maintained Population. This population consists typically of large, complex and diverse businesses. The new statistical units model described below has been introduced to cover such businesses.

**16** Enterprise Group: This is a unit covering all the operations in Australia of one or more legal entities under common ownership and/or control. It covers all the operations in Australia of legal entities which are related in terms of the current Corporations Law (as amended by the **Corporations Legislation Amendment Act 1991**), including legal entities such as companies, trusts, and partnerships. Majority ownership is not required for control to be exercised.

**17** Enterprise: The enterprise is an institutional unit comprising (i) a single legal entity or business entity, or (ii) more than one legal entity or business entity within the same Enterprise Group and in the same institutional sub-sector (ie they are all classified to a single Standard Institutional Sector Classification of Australia sub-sector).

**18** Type of Activity Unit (TAU): The TAU comprises one or more business entities, sub-entities or branches of a business entity within an Enterprise Group that can report production and employment data for similar economic activities. When a minimum set of data items is available, a TAU is created which covers all the operations within an industry sub-division (and the TAU is classified to the relevant sub-division of ANZSIC). Where a business cannot supply adequate data for each industry, a TAU is formed which contains activity in more than one industry sub-division.

**19** For more information on the impacts of the introduction of the new economic statistics units model, refer to **Information Paper: Improvements in ABS Economic Statistics [Arising from The New Tax System]**, (cat. no. 1372.0).

## EARNINGS

**20** Earnings of employees in the Major Labour Costs Survey are defined more broadly than in other ABS surveys, such as the Survey of Average Weekly Earnings. Earnings in the Major Labour Costs Survey comprises:

- gross wages and salaries,

- the value of salary sacrificed (excluding fringe benefits tax),
- the ungrossed value of fringe benefits provided by employers through arrangements other than salary sacrifice, and
- severance, termination and redundancy payments.

**21** Earnings of employees in the survey is net of amounts reimbursed for wages and salaries of employees on government employment programs, and excludes workers' compensation paid through the payroll.

## SUPERANNUATION

**22** For the Major Labour Costs Survey superannuation costs are the total employer superannuation contributions paid during the year on behalf of employees. It excludes the value of salary sacrificed by employees in exchange for superannuation contributions. During 2002-03, legislation underlying the Superannuation Guarantee Charge (SGC) required that employers provide superannuation contributions of at least 9% of gross wages and salaries for all eligible employees. Although employers may treat the value of salary sacrificed by employees to superannuation as employer contributions under SGC obligations, in this survey such contributions are treated as earnings, and not as superannuation costs. Occasionally, surplus funds of some defined benefit superannuation schemes are used to offset the superannuation cost incurred by contributing employers in a particular time period.

## PUBLIC SECTOR SUPERANNUATION

**23** Historically, public sector superannuation has been handled differently to that of the private sector. Public sector superannuation schemes could be either 'fully funded', i.e. where funds were set aside in advance to meet future liabilities, similar to most private sector schemes, or they were 'unfunded', i.e. met on an 'emerging cost' basis where costs are met only as the liability becomes due. These latter schemes were by far the most common. In 1999, changes to superannuation legislation allowed public sector employees to contribute to their choice of any registered superannuation scheme. This change was accompanied by the closure of unfunded schemes to new public sector employees. The cost for existing members of unfunded schemes is gradually diminishing.

**24** In addition, Commonwealth Government and State Governments traditionally met the cost of superannuation for general government agencies directly from consolidated funds. However, since the mid 1990s these agencies are increasingly recording employer contributions in their budgets. While Commonwealth and State Governments are still required to meet their accrued liabilities from consolidated funds, the extent to which that is not offset within agency budgets is decreasing. Costs paid out of consolidated funds are not collected in the Major Labour Costs Survey.

**25** By 2002-03, the budgets of virtually all public sector organisations included contributions to superannuation schemes. While predominantly on a fully funded basis, unfunded costs are still a significant component of this cost for some agencies. The differences that remain mean that estimates of public sector superannuation in this publication are not directly comparable with those of the private sector.

## **PAYROLL TAX**

**26** Employers whose wage and salary payments reach a specified level, as defined in each state's or territory's payroll tax legislation, are liable to pay this tax. Employers may claim exemptions for some categories of employees. Religious, not-for-profit and general government organisations are generally exempt from payroll tax.

## **WORKERS' COMPENSATION**

**27** Workers' compensation costs comprise, in general, the costs of insurance premiums paid plus any other costs not reimbursed by insurers. Premium rates are usually determined by considering the industry of the employer and the employer's previous claims history. Non-reimbursed costs may vary depending on the legislation which applies in each state, but can include wages and salaries, other costs such as medical and legal costs, and lump sum settlement payments. In addition, most states and territories allow very large employers to self-insure, where, except in extreme circumstances, workers' compensation costs are borne by the employers. The direct costs of self-insurance are included in the estimates of workers' compensation costs in this publication.

## **FRINGE BENEFITS TAX**

**28** Fringe benefits are remuneration provided to employees in the form of benefits such as goods or services - for example, use of a work car, a cheap loan, or health insurance costs. These may be provided through salary sacrifice arrangements, as part of salary packages, or through other arrangements. Fringe benefits tax (FBT) is payable on the value of benefits provided, although exemptions apply to some categories of employers (e.g. certain not-for-profit organisations) and certain benefits (e.g. laptop computers). Estimates of the ungrossed value of fringe benefits (a component of earnings) and fringe benefits tax both relate to the year ended 31 March 2003.

## **RELIABILITY OF ESTIMATES**

**29** Estimates are subject to sampling and non-sampling errors. For more information refer to the Technical Note.

## **DATA COMPARABILITY OVER TIME**

**30** Care should be taken when comparing estimates from this survey with estimates from previous Major Labour Costs surveys because of changes in definitions and changes in treatment of certain data items.

- Superannuation**

The 2002-03 estimates for employer superannuation costs exclude the value of contributions to superannuation funds made under an employee's salary sacrifice arrangement. These costs were included in the superannuation cost estimates for

previous Major Labour Costs Surveys. For the 2002-03 Major Labour Costs Survey, employee contribution to superannuation under a salary sacrifice arrangement, along with other salary sacrifice amounts (excluding any FBT incurred), are treated as earnings.

- **Earnings**

The earnings estimates in the 2002-03 survey include, for the first time, the value of salary sacrificed.

In the current and earlier surveys, employers reported the aggregate taxable value of fringe benefits provided to employees during the FBT year (1 April to 31 March). These amounts were obtained from an employer's FBT return for the relevant year. Where an employer had FBT exemptions (see paragraph 28 above), their FBT return would not have included the full value of fringe benefits that might have been provided. Until recently, there was no other source of information about FBT exempt fringe benefits paid to employees, which resulted in an understatement of the value of fringe benefits provided to employees in previous Major Labour Costs surveys. From 1 April 1999, all employers have been required to record the grossed-up (taxable) value of fringe benefits on payment summaries (previously known as group certificates) of employees who received relevant benefits with a total taxable value exceeding \$1000. This is known as the reportable fringe benefits amount (RFBA) and must be reported regardless of an employer's exemption status with regard to FBT liabilities. The 2002-03 Major Labour Costs Survey collected the aggregate value of RFBA for each selected employer and this was used to provide more complete estimates of the value of fringe benefits paid to employees.

In the 2002-03 survey outputs the **ungrossed** value of fringe benefits is used in the derivation of earnings, whereas the **grossed up** value of fringe benefits was used for this derivation in the 1996-97 survey outputs. The use of the ungrossed value of fringe benefits in the derivation of earnings provides a better conceptual measure of employee earnings. The use of the grossed up value of fringe benefits in the 1996-97 survey had the effect of overstating employee earnings for Australia by \$2,779.0m or 1.3%.

## RELATED PUBLICATIONS

**31** Users may also wish to refer to the following publications which are available on request:

- Australian Labour Market Statistics** (cat. no. 6354.0) - issued quarterly
- Average Weekly Earnings, States and Australia** (cat. no. 6302.0) - issued quarterly
- Employee Earnings and Hours, Australia** (cat. no. 6306.0) - biennial, last issued May 2002
- Employer Training Expenditure and Practices, Australia** (cat. no. 6362.0) - issued for 2001-02
- Job Vacancies, Australia** (cat. no. 6354.0) - issued quarterly
- Labour Force, Australia** (cat. no. 6202.0) - issued monthly
- Labour Statistics: Concepts, Sources and Methods** (cat. no. 6102.0) - also available free of charge from the ABS website
- Wage Cost Index, Australia** (cat. no. 6345.0) - issued quarterly
- Wage and Salary Earners, Public Sector, Australia** (cat. no. 6248.0.55.001) - issued quarterly

**32** Current publications produced by the ABS are listed in the **Catalogue of Publications and Products** (cat. no. 1101.0). The Catalogue is available from any ABS office or the ABS web site. The ABS also issues a daily Release Advice on the web site (Information on Releases) which details products to be released in the week ahead.

## ROUNDING

**33** Where figures have been rounded, discrepancies may occur between sums of the component items and totals.

## ABBREVIATIONS

|          |   |
|----------|---|
| ABN      | Australian Business Number                                    |
| ABS      | Australian Bureau of Statistics                               |
| ANZSIC   | Australian and New Zealand Standard Industrial Classification |
| ATO      | Australian Taxation Office                                    |
| cat. no. | Catalogue number  |
| FBT      | Fringe Benefits Tax   |
| PAYGW    | pay-as-you-go withholding                                     |
| RFBA     | reportable fringe benefits amounts                            |
| TAU      | type of activity unit   |

## Glossary

### Costs per employee

Labour costs incurred in respect of employees, divided by the number of employees, for businesses operating at the end of 2002-03. The number of employees relates to the last pay period in 2002-03. Costs and employee numbers for businesses which ceased operating during 2002-03 are excluded.

### Earnings

Total employee remuneration during the reference year, regardless of the form of remuneration. This comprises gross wages and salaries; the value of salary sacrificed (excluding fringe benefits tax); the ungrossed value of fringe benefits provided by employers through arrangements other than salary sacrifice; and severance, termination and redundancy payments. Gross wages and salaries is net of amounts reimbursed for employees on government employment programs. Workers' compensation payments paid through the payroll and fringe benefits tax paid by employers are excluded from earnings.

### Employees

The number of wage and salary earners (as defined in paragraphs 7 and 8 of the

Explanatory Notes) who received pay for any part of the last pay period ending on or before 30 June 2003.

## **Employer size**

To derive estimates of employer size, each of the units selected in the survey is allocated a size classification based on the number of employees reported for that unit during the last pay period ended on or before 30 June 2003. The size classification reflects the size of a unit in each state or territory and not necessarily the size of the unit Australia wide.

## **Fringe benefits**

Non-cash benefits, such as goods and services, provided to employees in respect of employment. Examples include use of a work car, a cheap loan, or health insurance costs. These benefits may be provided through salary sacrifice or other arrangements. Fringe benefits tax is payable (by the employer) in respect of most fringe benefits. Employer contributions to superannuation in respect of an employee (including through a salary sacrifice arrangement), when paid to a complying superannuation fund, are not considered to be fringe benefits.

## **Fringe benefits tax**

Tax paid by employers in respect of fringe benefits provided for their employees. Fringe benefits tax is payable in respect of most fringe benefits provided by employers to employees. Generally, tax is payable on the value of the benefits in the fringe benefits tax year (1 April to 31 March).

## **Gross wages and salaries**

Payments to employees before tax and other items (such as employee contributions to superannuation) are deducted, and comprise:

- payments for time worked
- payments for time not worked (such as annual, sick and other leave, and public holidays) and
- leave loading payments.

Included are amounts paid from interstate or overseas; ordinary time and overtime earnings; overaward payments; penalty payments, shift and other remunerative allowances; retainers and commissions paid to employees who received a salary; bonuses and similar payments; payments under incentive, piecework or profit sharing schemes; advance and retrospective payments; and salaries and fees paid to company directors and members of boards who received a salary.

Excluded are reimbursements of expenses, e.g. travel, entertainment, meals etc. and drawings from profits by directors or office holders. Also excluded are salary sacrifice

amounts, wages and salaries reimbursed under government employment programs, and workers' compensation payments paid through the payroll.

## **Industry**

Classified according to the Australian and New Zealand Standard Industrial Classification (ANZSIC) (see paragraph 11 of the Explanatory Notes).

## **Payroll tax**

The amount of tax paid during the survey reference year in respect of employee earnings (as defined for payroll tax purposes), net of any rebates. Payroll tax assessed for payments to contractors and other persons not considered employees is excluded.

## **Salary sacrifice**

Salary sacrifice is an arrangement between an employer and an employee, where the employee agrees to forgo part of their entitlement to salary or wages in return for the employer providing benefits of a similar cost (to the employer). Common types of benefits include employer contributions to superannuation funds and novated leases for motor vehicles.

## **Sector**

Public sector comprises local government authorities and all government departments, agencies and authorities created by, or reporting to, the Commonwealth or State/territory Parliaments. All remaining organisations are classified as private sector.

## **Severance, termination and redundancy payments**

Lump sum payments made to employees on termination of employment, including severance and redundancy payments. Includes amounts paid into industry termination funds.

## **Superannuation**

Employer contributions to superannuation funds on behalf of employees. Contributions by employees, or employer contributions under salary sacrifice arrangements, are excluded. See also paragraphs 22 and 30 of the Explanatory Notes.

## **Workers' compensation**

The cost to the employer in providing workers' compensation cover for employees. There

are three ways to meet these costs:

**a** The majority of employers pay a premium to an insurer. Workers' compensation costs are considered to comprise:

- premiums paid during the reference year including the component that covers the employee for common law damages, and
- any workers' compensation costs not reimbursed by the insurer, including 'make-up' and 'excess' pay.

**b** Some larger employers may become 'self-insurers' and cover most costs themselves. In this case, workers' compensation costs are considered to comprise:

- lump sum payments and payments made as part of employee earnings
- premiums paid during the year to offset liability at common law for workers' compensation, and
- any other costs, including common law costs not reimbursed by the insurer, such as legal, accounting, medical and administrative costs.

**c** In the public sector, some workers' compensation costs are paid from consolidated funds. In most cases these payments relate to liabilities incurred under prior legislation. The consolidated funded amounts are not included in the tables in this publication.

## Abbreviations

The following abbreviations have been used in this publication

|          |   |
|----------|---|
| ABN      | Australian Business Number                                    |
| ABS      | Australian Bureau of Statistics                               |
| ANZSIC   | Australian and New Zealand Standard Industrial Classification |
| ATO      | Australian Taxation Office                                    |
| cat. no. | Catalogue number  |
| FBT      | Fringe Benefits Tax   |
| PAYGW    | pay-as-you-go withholding                                     |
| RFBA     | reportable fringe benefits amounts                            |
| TAU      | type of activity unit   |

## Appendix

### APPENDIX 1 - ABS DATA AVAILABLE ON REQUEST

#### INTRODUCTION

A large range of unpublished data is available from the Labour Costs Survey on request. These data can be produced for clients as customised reports. The variables are listed below.

## **CONTACT OFFICER**

Contact Kerry Foley on (08) 9360 5373 to discuss your requirements, especially in regard to the reliability of the estimates for particular cross-classifications and the charges involved.

## **VARIABLES**

The following variables are available subject to the reliability of the estimates and the suppression of cells due to confidentiality:

### **Labour cost type**

- Earnings
- Gross wages and salaries (a)
- Bonuses (b)
- Overtime (b)
- Leave Loading (b)
- Severance, termination and redundancy payments
- Payroll tax
- Superannuation
- Workers' compensation
- Fringe benefits tax

(a) selected components of Earnings

(b) selected components of Gross wages and salaries

### **Units of measure**

- Total cost (\$ millions)
- Cost per employee (\$)
- Cost as a percentage of total labour costs
- Cost as a percentage of earnings

### **State/territory**

- New South Wales
- Victoria
- Queensland
- South Australia
- Western Australia
- Tasmania
- Northern Territory
- Australian Capital Territory

### **Sector**

- Private sector
- Public sector

## **Level of government**

- Commonwealth
- State
- Local

## Institutional sector (SISCA)

- Trading enterprises
- Financial enterprises
- General government
- Unincorporated enterprises
- Non-profit institutions

## **Employer unit size**

- 0-19 employees
- 20-99 employees
- 100 or more employees

Client specified ranges can be produced.

## APPENDIX 2 - COMPARISON DATA

## Comparison with historical data

Care should be taken when comparing data from this survey with previous Major Labour Costs surveys.

Users should also note definitional differences in particular data items detailed in paragraph 30 of the Explanatory Notes, and exercise caution when comparing these estimates across different time periods.

## Tables

## MAJOR LABOUR COSTS PER EMPLOYEE. State/territory

|                              |        |       |       |     |     |        |
|------------------------------|--------|-------|-------|-----|-----|--------|
| 1993-94                      | 26,060 | 1,904 | 835   | 393 | 164 | 29,355 |
| 1996-97                      | 27,420 | 2,117 | 788   | 579 | 236 | 31,139 |
| 2002-03                      | 33,621 | 2,975 | 931   | 602 | 211 | 38,339 |
| South Australia              |        |       |       |     |     |        |
| 1993-94                      | 26,958 | 1,743 | 955   | 742 | 147 | 30,545 |
| 1996-97                      | 28,647 | 2,046 | 990   | 854 | 267 | 32,804 |
| 2002-03                      | 34,180 | 3,064 | 1,139 | 916 | 253 | 39,552 |
| Western Australia            |        |       |       |     |     |        |
| 1993-94                      | 27,679 | 1,362 | 842   | 566 | 209 | 30,658 |
| 1996-97                      | 31,373 | 1,976 | 899   | 620 | 390 | 35,259 |
| 2002-03                      | 35,343 | 2,994 | 1,106 | 760 | 374 | 40,577 |
| Tasmania                     |        |       |       |     |     |        |
| 1993-94                      | 25,590 | 1,559 | 904   | 677 | 99  | 28,829 |
| 1996-97                      | 27,062 | 2,023 | 1,112 | 898 | 171 | 31,266 |
| 2002-03                      | 30,813 | 2,766 | 968   | 902 | 162 | 35,611 |
| Northern Territory           |        |       |       |     |     |        |
| 1993-94                      | 29,102 | 1,044 | 1,044 | 486 | 261 | 31,937 |
| 1996-97                      | 32,066 | 1,616 | 1,326 | 490 | 444 | 35,943 |
| 2002-03                      | 35,364 | 2,870 | 1,420 | 845 | 335 | 40,834 |
| Australian Capital Territory |        |       |       |     |     |        |
| 1993-94                      | 32,076 | 1,988 | 608   | 607 | 214 | 35,494 |
| 1996-97                      | 37,471 | 4,227 | 690   | 801 | 354 | 43,543 |
| 2002-03                      | 39,982 | 4,426 | 693   | 937 | 238 | 46,276 |
| Australia                    |        |       |       |     |     |        |
| 1993-94                      | 28,530 | 1,800 | 1,104 | 588 | 237 | 32,259 |
| 1996-97                      | 30,870 | 2,291 | 1,160 | 719 | 395 | 35,435 |
| 2002-03                      | 36,855 | 3,240 | 1,221 | 939 | 323 | 42,578 |

### MAJOR LABOUR COSTS PER EMPLOYEE, Industry

|                                      | Earnings | Superannuation | Payroll tax | Workers' compensation | Fringe benefits tax | Total labour costs |
|--------------------------------------|----------|----------------|-------------|-----------------------|---------------------|--------------------|
|                                      | \$       | \$             | \$          | \$                    | \$                  | \$                 |
| Mining                               |          |                |             |                       |                     |                    |
| 1993-94                              | 56,988   | 3,561          | 3,090       | 1,656                 | 956                 | 66,252             |
| 1996-97                              | 68,080   | 4,407          | 3,768       | 1,987                 | 1,628               | 79,870             |
| 2002-03                              | 81,335   | 6,040          | 4,297       | 3,026                 | 1,701               | 96,399             |
| Manufacturing                        |          |                |             |                       |                     |                    |
| 1993-94                              | 31,658   | 1,597          | 1,582       | 1,052                 | 204                 | 36,094             |
| 1996-97                              | 34,479   | 2,245          | 1,756       | 1,242                 | 479                 | 40,200             |
| 2002-03                              | 43,510   | 3,624          | 1,985       | 1,652                 | 526                 | 51,297             |
| Electricity, Gas and Water Supply    |          |                |             |                       |                     |                    |
| 1993-94                              | 43,071   | 4,369          | 2,383       | 1,180                 | 252                 | 51,255             |
| 1996-97                              | 50,926   | 4,234          | 2,814       | 1,493                 | 588                 | 60,056             |
| 2002-03                              | 64,296   | 5,669          | 3,534       | 1,147                 | 715                 | 75,361             |
| Construction                         |          |                |             |                       |                     |                    |
| 1993-94                              | 30,184   | 1,925          | 1,057       | 1,059                 | 189                 | 34,414             |
| 1996-97                              | 32,585   | 2,287          | 786         | 1,302                 | 234                 | 37,194             |
| 2002-03                              | 37,397   | 3,237          | 821         | 1,871                 | *191                | 43,517             |
| Wholesale Trade                      |          |                |             |                       |                     |                    |
| 1993-94                              | 32,501   | 1,885          | 1,328       | 546                   | 495                 | 36,755             |
| 1996-97                              | 36,099   | 2,625          | 1,422       | 766                   | 852                 | 41,764             |
| 2002-03                              | 41,723   | 3,774          | 1,501       | 881                   | 891                 | 48,770             |
| Retail Trade                         |          |                |             |                       |                     |                    |
| 1993-94                              | 17,360   | 747            | 691         | 314                   | 81                  | 19,193             |
| 1996-97                              | 17,610   | 1,046          | 592         | 376                   | 134                 | 19,758             |
| 2002-03                              | 21,958   | 1,801          | 662         | 527                   | 113                 | 25,061             |
| Accommodation, Cafes and Restaurants |          |                |             |                       |                     |                    |
| 1993-94                              | 16,774   | 801            | 517         | 290                   | 58                  | 18,440             |
| 1996-97                              | 18,063   | 981            | 519         | 450                   | 76                  | 20,089             |
| 2002-03                              | 20,844   | 1,712          | 561         | 737                   | 81                  | 23,934             |

|                                       |        |       |       |       |       |        |
|---------------------------------------|--------|-------|-------|-------|-------|--------|
| Transport and Storage                 |        |       |       |       |       |        |
| 1993-94                               | 36,606 | 3,607 | 1,857 | 1,198 | 236   | 43,504 |
| 1996-97                               | 39,204 | 2,842 | 1,887 | 1,184 | 464   | 45,582 |
| 2002-03                               | 43,871 | 3,740 | 1,951 | 1,631 | 278   | 51,471 |
| Communication Services                |        |       |       |       |       |        |
| 1993-94                               | 41,913 | 3,927 | 2,443 | 615   | 207   | 49,105 |
| 1996-97                               | 44,965 | 4,142 | 2,841 | 637   | 479   | 53,065 |
| 2002-03                               | 56,611 | 1,635 | 2,854 | 869   | 698   | 62,667 |
| Finance and Insurance                 |        |       |       |       |       |        |
| 1993-94                               | 37,301 | 2,469 | 2,096 | 214   | 1,307 | 43,387 |
| 1996-97                               | 44,613 | 2,321 | 2,539 | 254   | 2,127 | 51,854 |
| 2002-03                               | 52,395 | 3,626 | 2,521 | 373   | 930   | 59,846 |
| Property and Business Services        |        |       |       |       |       |        |
| 1993-94                               | 28,564 | 1,877 | 866   | 272   | *293  | 31,872 |
| 1996-97                               | 31,180 | 2,514 | 982   | 427   | 491   | 35,594 |
| 2002-03                               | 37,435 | 3,545 | 1,108 | 594   | 314   | 42,996 |
| Government Administration and Defence |        |       |       |       |       |        |
| 1993-94                               | 32,275 | 2,564 | 678   | 658   | 227   | 36,401 |
| 1996-97                               | 37,421 | 3,943 | 625   | 822   | 316   | 43,126 |
| 2002-03                               | 45,056 | 4,856 | 842   | 889   | 297   | 51,940 |
| Education                             |        |       |       |       |       |        |
| 1993-94                               | 30,873 | 1,911 | 1,433 | 341   | 79    | 34,637 |
| 1996-97                               | 30,493 | 2,748 | 1,344 | 447   | 106   | 35,139 |
| 2002-03                               | 38,598 | 4,028 | 1,605 | 589   | 144   | 44,963 |
| Health and Community Services         |        |       |       |       |       |        |
| 1993-94                               | 26,360 | 1,561 | 198   | 541   | 22    | 28,682 |
| 1996-97                               | 28,086 | 2,212 | 279   | 643   | 28    | 31,247 |
| 2002-03                               | 35,443 | 3,210 | 219   | 939   | 85    | 39,897 |
| Cultural and Recreational Services    |        |       |       |       |       |        |
| 1993-94                               | 17,321 | *991  | *521  | *256  | *117  | 19,206 |
| 1996-97                               | 26,925 | 1,809 | 1,059 | 401   | 275   | 30,469 |
| 2002-03                               | 28,404 | 2,384 | 994   | 505   | 247   | 32,535 |
| Personal and Other Services           |        |       |       |       |       |        |
| 1993-94                               | 28,141 | 1,741 | 1,057 | 591   | 145   | 31,675 |
| 1996-97                               | 30,340 | 2,482 | 1,164 | 813   | 208   | 35,007 |
| 2002-03                               | 34,154 | 3,295 | 1,173 | 1,182 | 224   | 40,027 |
| All industries                        |        |       |       |       |       |        |
| 1993-94                               | 28,530 | 1,800 | 1,104 | 588   | 237   | 32,259 |
| 1996-97                               | 30,870 | 2,291 | 1,160 | 719   | 395   | 35,435 |
| 2002-03                               | 36,855 | 3,240 | 1,221 | 939   | 323   | 42,578 |

\* estimate has a relative standard error of 25% to 50% and should be used with caution

### MAJOR LABOUR COSTS, Costs as a percentage of total - State/territory

|                 | Earnings | Superannuation | Payroll tax | Workers' compensation | Fringe benefits tax | Total labour costs |
|-----------------|----------|----------------|-------------|-----------------------|---------------------|--------------------|
| New South Wales |          |                |             |                       |                     |                    |
| 1993-94         | 88.2     | 5.5            | 3.8         | 1.4                   | 0.9                 | 100.0              |
| 1996-97         | 86.3     | 6.2            | 3.8         | 2.3                   | 1.4                 | 100.0              |
| 2002-03         | 86.1     | 7.4            | 3.2         | 2.5                   | 0.8                 | 100.0              |
| Victoria        |          |                |             |                       |                     |                    |
| 1993-94         | 87.8     | 5.6            | 3.7         | 1.8                   | 0.8                 | 100.0              |
| 1996-97         | 87.0     | 6.8            | 3.5         | 1.7                   | 1.1                 | 100.0              |
| 2002-03         | 86.4     | 7.6            | 2.9         | 2.3                   | 0.8                 | 100.0              |
| Queensland      |          |                |             |                       |                     |                    |
| 1993-94         | 88.8     | 6.5            | 2.8         | 1.1                   | 0.6                 | 100.0              |
| 1996-97         | 88.1     | 6.8            | 2.5         | 1.9                   | 0.8                 | 100.0              |
| 2002-03         | 87.7     | 7.8            | 2.4         | 1.6                   | 0.5                 | 100.0              |

|                              |      |     |     |     |     |       |
|------------------------------|------|-----|-----|-----|-----|-------|
| South Australia              |      |     |     |     |     |       |
| 1993-94                      | 88.3 | 5.7 | 3.1 | 1.3 | 0.5 | 100.0 |
| 1996-97                      | 87.3 | 6.2 | 3.0 | 2.6 | 0.8 | 100.0 |
| 2002-03                      | 86.4 | 7.8 | 2.9 | 2.3 | 0.6 | 100.0 |
| Western Australia            |      |     |     |     |     |       |
| 1993-94                      | 90.3 | 4.4 | 2.7 | 1.6 | 0.7 | 100.0 |
| 1996-97                      | 89.0 | 5.6 | 2.5 | 1.8 | 1.1 | 100.0 |
| 2002-03                      | 87.1 | 7.4 | 2.7 | 1.9 | 0.9 | 100.0 |
| Tasmania                     |      |     |     |     |     |       |
| 1993-94                      | 88.8 | 5.4 | 3.1 | 1.7 | 0.3 | 100.0 |
| 1996-97                      | 86.6 | 6.5 | 3.6 | 2.9 | 0.5 | 100.0 |
| 2002-03                      | 86.5 | 7.8 | 2.7 | 2.5 | 0.5 | 100.0 |
| Northern Territory           |      |     |     |     |     |       |
| 1993-94                      | 91.1 | 3.3 | 3.3 | 0.8 | 0.8 | 100.0 |
| 1996-97                      | 89.2 | 4.5 | 3.7 | 1.4 | 1.2 | 100.0 |
| 2002-03                      | 86.6 | 7.0 | 3.4 | 2.1 | 0.8 | 100.0 |
| Australian Capital Territory |      |     |     |     |     |       |
| 1993-94                      | 90.4 | 5.6 | 1.7 | 1.6 | 0.6 | 100.0 |
| 1996-97                      | 86.1 | 9.7 | 1.6 | 1.8 | 0.8 | 100.0 |
| 2002-03                      | 86.4 | 9.6 | 1.5 | 2.0 | 0.5 | 100.0 |
| Australia                    |      |     |     |     |     |       |
| 1993-94                      | 88.4 | 5.6 | 3.4 | 1.5 | 0.7 | 100.0 |
| 1996-97                      | 87.1 | 6.5 | 3.3 | 2.0 | 1.1 | 100.0 |
| 2002-03                      | 86.6 | 7.6 | 2.9 | 2.2 | 0.8 | 100.0 |

### MAJOR LABOUR COSTS, Costs as a percentage of total - Industry

|                                      | Earnings | Superannuation | Payroll tax | Workers' compensation | Fringe benefits tax | Total labour costs |
|--------------------------------------|----------|----------------|-------------|-----------------------|---------------------|--------------------|
| Mining                               |          |                |             |                       |                     |                    |
| 1993-94                              | 86.0     | 5.4            | 4.7         | 2.5                   | 1.4                 | 100.0              |
| 1996-97                              | 85.2     | 5.5            | 4.7         | 2.5                   | 2.0                 | 100.0              |
| 2002-03                              | 84.4     | 6.3            | 4.5         | 3.1                   | 1.8                 | 100.0              |
| Manufacturing                        |          |                |             |                       |                     |                    |
| 1993-94                              | 87.7     | 4.4            | 4.4         | 2.9                   | 0.6                 | 100.0              |
| 1996-97                              | 85.8     | 5.6            | 4.4         | 3.1                   | 1.2                 | 100.0              |
| 2002-03                              | 84.8     | 7.1            | 3.9         | 3.2                   | 1.0                 | 100.0              |
| Electricity, Gas and Water Supply    |          |                |             |                       |                     |                    |
| 1993-94                              | 84.0     | 8.5            | 4.7         | 2.3                   | 0.5                 | 100.0              |
| 1996-97                              | 84.8     | 7.1            | 4.7         | 2.5                   | 1.0                 | 100.0              |
| 2002-03                              | 85.3     | 7.5            | 4.7         | 1.5                   | 0.9                 | 100.0              |
| Construction                         |          |                |             |                       |                     |                    |
| 1993-94                              | 87.7     | 5.6            | 3.1         | 3.1                   | 0.6                 | 100.0              |
| 1996-97                              | 87.6     | 6.1            | 2.1         | 3.5                   | 0.6                 | 100.0              |
| 2002-03                              | 86.0     | 7.4            | 1.9         | 4.3                   | 0.4                 | 100.0              |
| Wholesale Trade                      |          |                |             |                       |                     |                    |
| 1993-94                              | 88.4     | 5.1            | 3.6         | 1.5                   | 1.3                 | 100.0              |
| 1996-97                              | 86.4     | 6.3            | 3.4         | 1.8                   | 2.0                 | 100.0              |
| 2002-03                              | 85.6     | 7.7            | 3.1         | 1.8                   | 1.8                 | 100.0              |
| Retail Trade                         |          |                |             |                       |                     |                    |
| 1993-94                              | 90.4     | 3.9            | 3.6         | 1.6                   | 0.4                 | 100.0              |
| 1996-97                              | 89.1     | 5.3            | 3.0         | 1.9                   | 0.7                 | 100.0              |
| 2002-03                              | 87.6     | 7.2            | 2.6         | 2.1                   | 0.5                 | 100.0              |
| Accommodation, Cafes and Restaurants |          |                |             |                       |                     |                    |
| 1993-94                              | 91.0     | 4.3            | 2.8         | 1.6                   | 0.3                 | 100.0              |
| 1996-97                              | 89.9     | 4.9            | 2.6         | 2.2                   | 0.4                 | 100.0              |
| 2002-03                              | 87.1     | 7.1            | 2.3         | 3.1                   | 0.3                 | 100.0              |
| Transport and Storage                |          |                |             |                       |                     |                    |
| 1993-94                              | 84.1     | 8.3            | 4.3         | 2.8                   | 0.5                 | 100.0              |
| 1996-97                              | 86.0     | 6.2            | 4.1         | 2.6                   | 1.0                 | 100.0              |
| 2002-03                              | 85.2     | 7.3            | 3.8         | 3.2                   | 0.5                 | 100.0              |

|                                       |         |      |     |     |     |     |
|---------------------------------------|---------|------|-----|-----|-----|-----|
| Communication Services                |         |      |     |     |     |     |
|                                       | 1993-94 | 85.4 | 8.0 | 5.0 | 1.3 | 0.4 |
|                                       | 1996-97 | 84.7 | 7.8 | 5.4 | 1.2 | 0.9 |
|                                       | 2002-03 | 90.3 | 2.6 | 4.6 | 1.4 | 1.1 |
| Finance and Insurance                 |         |      |     |     |     |     |
|                                       | 1993-94 | 86.0 | 5.7 | 4.8 | 0.5 | 3.0 |
|                                       | 1996-97 | 86.0 | 4.5 | 4.9 | 0.5 | 4.1 |
|                                       | 2002-03 | 87.6 | 6.1 | 4.2 | 0.6 | 1.6 |
| Property and Business Services        |         |      |     |     |     |     |
|                                       | 1993-94 | 89.6 | 5.9 | 2.7 | 0.9 | 0.9 |
|                                       | 1996-97 | 87.6 | 7.1 | 2.8 | 1.2 | 1.4 |
|                                       | 2002-03 | 87.1 | 8.2 | 2.6 | 1.4 | 0.7 |
| Government Administration and Defence |         |      |     |     |     |     |
|                                       | 1993-94 | 88.7 | 7.0 | 1.9 | 1.8 | 0.6 |
|                                       | 1996-97 | 86.8 | 9.1 | 1.5 | 1.9 | 0.7 |
|                                       | 2002-03 | 86.7 | 9.3 | 1.6 | 1.7 | 0.6 |
| Education                             |         |      |     |     |     |     |
|                                       | 1993-94 | 89.1 | 5.5 | 4.1 | 1.0 | 0.2 |
|                                       | 1996-97 | 86.8 | 7.8 | 3.8 | 1.3 | 0.3 |
|                                       | 2002-03 | 85.8 | 9.0 | 3.6 | 1.3 | 0.3 |
| Health and Community Services         |         |      |     |     |     |     |
|                                       | 1993-94 | 91.9 | 5.4 | 0.7 | 1.9 | 0.1 |
|                                       | 1996-97 | 89.9 | 7.1 | 0.9 | 2.1 | 0.1 |
|                                       | 2002-03 | 88.8 | 8.0 | 0.6 | 2.3 | 0.2 |
| Cultural and Recreational Services    |         |      |     |     |     |     |
|                                       | 1993-94 | 90.2 | 5.2 | 2.7 | 1.3 | 0.6 |
|                                       | 1996-97 | 88.4 | 5.9 | 3.5 | 1.3 | 0.9 |
|                                       | 2002-03 | 87.3 | 7.3 | 3.1 | 1.6 | 0.8 |
| Personal and Other Services           |         |      |     |     |     |     |
|                                       | 1993-94 | 88.8 | 5.5 | 3.3 | 1.9 | 0.5 |
|                                       | 1996-97 | 86.7 | 7.1 | 3.3 | 2.3 | 0.6 |
|                                       | 2002-03 | 85.4 | 8.2 | 2.9 | 2.9 | 0.6 |
| All industries                        |         |      |     |     |     |     |
|                                       | 1993-94 | 88.4 | 5.6 | 3.4 | 1.8 | 0.7 |
|                                       | 1996-97 | 87.1 | 6.5 | 3.3 | 2.0 | 1.1 |
|                                       | 2002-03 | 86.6 | 7.6 | 2.9 | 2.2 | 0.8 |

## Technical Note

### RELIABILITY OF ESTIMATES

**1** As the estimates in this publication are based on information relating to a sample of employers rather than a full enumeration, they are subject to sampling variability, that is, they may differ from the estimates that would have been produced if the information had been obtained from all employers. This difference, called sampling error, should not be confused with inaccuracy that may occur because of imperfections in reporting by respondents or in processing by the ABS. Such inaccuracy is referred to as non-sampling error and may occur in any enumeration whether it be a full count or a sample. Efforts have been made to reduce non-sampling error by careful design of questionnaires, detailed checking of returns and quality control of processing.

**2** The sampling error associated with any estimate can be estimated from the sample results. One measure of sampling error is given by the standard error which indicates the

degree to which an estimate may vary from the value that would have been obtained from a full enumeration (the 'true' figure). There are about two chances in three that a sample estimate differs from the true value by less than one standard error, and about nineteen chances in twenty that the difference will be less than two standard errors.

**3** Another measure of the sampling variability is the relative standard error, which is obtained by expressing the standard error as a percentage of the estimate. Both the standard error and relative standard error are used to measure the reliability of estimates.

**4** If the standard error of an estimate is large relative to the size of the estimate, the usefulness of that estimate is seriously impaired. For the tables in this publication, estimates with relative standard errors greater than 25% of the estimate have been labelled with an asterisk and should be used with caution.

**5** Relative standard errors of estimates of level are shown in Table A for states and territories and in Table B for industries.

**6** An example of the use of a relative standard error is as follows: Table 1 shows that the earnings for New South Wales is \$109,807.1 million. The relative standard error, as shown in the following table is 1.6%. This means that there are about two chances in three that a complete enumeration would have given a figure within 1.6% of \$109,807.1 million, i.e. within the range \$108,050.2 million to \$111,564.0 million.

**Table A: RELATIVE STANDARD ERRORS, States/territories**

|                              | Earnings<br>% | Superannuation<br>% | Payroll<br>tax<br>% | Workers' compensation<br>% | Fringe benefits tax<br>% | Total labour costs<br>% |
|------------------------------|---------------|---------------------|---------------------|----------------------------|--------------------------|-------------------------|
| New South Wales              | 1.6           | 2.0                 | 2.3                 | 3.0                        | 6.2                      | 1.6                     |
| Victoria                     | 1.8           | 2.5                 | 2.5                 | 3.7                        | 5.9                      | 1.8                     |
| Queensland                   | 2.3           | 3.0                 | 3.4                 | 5.0                        | 7.1                      | 2.3                     |
| South Australia              | 2.8           | 3.3                 | 3.6                 | 7.8                        | 5.5                      | 2.8                     |
| Western Australia            | 3.1           | 3.6                 | 6.9                 | 3.6                        | 6.4                      | 3.2                     |
| Tasmania                     | 3.6           | 5.6                 | 4.9                 | 7.9                        | 6.7                      | 3.7                     |
| Northern Territory           | 2.8           | 3.3                 | 3.8                 | 4.6                        | 6.6                      | 2.8                     |
| Australian Capital Territory | 2.4           | 2.0                 | 7.1                 | 5.7                        | 7.8                      | 2.3                     |
| <b>Australia</b>             | <b>0.9</b>    | <b>1.2</b>          | <b>1.4</b>          | <b>1.8</b>                 | <b>3.2</b>               | <b>0.9</b>              |

**Table B: RELATIVE STANDARD ERRORS, Industry**

|                                    | Earnings<br>% | Superannuation<br>% | Payroll<br>tax<br>% | Workers'<br>compensation<br>% | Fringe<br>benefits tax<br>% | Total labour<br>costs<br>% |
|------------------------------------|---------------|---------------------|---------------------|-------------------------------|-----------------------------|----------------------------|
| Mining                             | 2.9           | 2.6                 | 3.4                 | 5.3                           | 3.0                         | 2.8                        |
| Manufacturing                      | 2.8           | 3.5                 | 3.3                 | 5.6                           | 6.4                         | 2.8                        |
| Electricity, gas & water supply    | 2.7           | 1.9                 | 2.3                 | 6.2                           | 2.2                         | 2.6                        |
| Construction                       | 5.4           | 7.5                 | 8.2                 | 7.6                           | 19.4                        | 5.4                        |
| Wholesale trade                    | 3.8           | 5.9                 | 6.2                 | 6.1                           | 11.7                        | 3.9                        |
| Retail trade                       | 2.4           | 3.1                 | 3.6                 | 3.9                           | 10.8                        | 2.4                        |
| Accommodation, cafes & restaurants | 4.1           | 4.3                 | 6.9                 | 5.6                           | 17.8                        | 4.1                        |
| Transport & storage                | 3.6           | 3.9                 | 4.1                 | 5.9                           | 9.8                         | 3.5                        |

|                                     |            |            |            |            |            |            |
|-------------------------------------|------------|------------|------------|------------|------------|------------|
| Communication services              | 3.0        | 8.6        | 2.3        | 6.0        | 1.7        | 3.0        |
| Finance & insurance                 | 3.9        | 4.4        | 4.5        | 5.0        | 11.2       | 3.8        |
| Property & business services        | 3.6        | 4.4        | 6.5        | 6.2        | 10.2       | 3.6        |
| Government administration & defence | 1.6        | 1.6        | 3.5        | 2.4        | 2.1        | 1.5        |
| Education                           | 1.4        | 1.3        | 1.0        | 2.2        | 4.9        | 1.4        |
| Health & community services         | 2.0        | 3.2        | 9.7        | 4.9        | 10.9       | 2.0        |
| Cultural & recreational serices     | 5.6        | 5.8        | 10.5       | 6.0        | 15.1       | 5.6        |
| Personal & other services           | 2.9        | 3.0        | 3.4        | 4.6        | 14.4       | 2.8        |
| <b>All industries</b>               | <b>0.9</b> | <b>1.2</b> | <b>1.4</b> | <b>1.8</b> | <b>3.2</b> | <b>0.9</b> |

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